

IN THE TENNESSEE REGULATORY AUTHORITY
NASHVILLE, TENNESSEE

1999 NOV 30 PM 1 37

IN RE:

AT&T COMMUNICATIONS OF THE
SOUTH CENTRAL STATES, INC.,
TARIFF TO IMPLEMENT \$1.40
DIRECTORY ASSISTANCE CHARGE

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DOCKET NO. 99-00757

TARIFF NO. 99-00757

CONSUMER ADVOCATE DIVISION'S REPLY TO THE MEMORANDUM BRIEF
OF AT&T COMMUNICATIONS OF THE SOUTH CENTRAL STATES, INC.
OPPOSING THE PETITION FOR INFORMATION FILED BY THE CONSUMER
ADVOCATE DIVISION

Comes the Consumer Advocate Division of the Office of the Attorney General for the State of Tennessee, and hereby responds to AT&T's Memorandum in opposition to the Consumer Advocate Division's Petition for Information. The Consumer Advocate Division maintains that the information sought in its Petition for Information is necessary to determine whether AT&T's proposed increase of \$1.40 for directory assistance is "just and reasonable" as required by Tennessee law. Such information is necessary for the TRA to make an informed decision in this case, especially in light of the fact that nothing in AT&T's filing shows that its proposed rate is just and reasonable.

FILE

I.

CONTRARY TO AT&T'S ASSERTIONS, THE TRA HAS THE POWER TO DETERMINE WHETHER CHARGES MADE TO TENNESSEE CONSUMERS ARE JUST AND REASONABLE, AND THE CONSUMER ADVOCATE DIVISION HAS THE RIGHT TO SEEK INFORMATION AS TO WHETHER CHARGES ARE JUST AND REASONABLE

State law requires that increases in rates charged to consumers be just and reasonable. Tenn. Code Ann. § 65-5-201 and § 65-5-203. AT&T, on the contrary, maintains that it is no longer subject to this state law because of its interpretation of a rule adopted by the TRA governing companies known as "inter-exchange carriers." In no case, however, can a rule adopted by the TRA nullify state law. Accordingly, AT&T's argument that the TRA has no power to review its tariff filing to determine whether it is just and reasonable is without merit.

Since state law requires that rates be just and reasonable, it follows that the Consumer Advocate Division is entitled to exercise its statutory power under Tenn. Code Ann. § 65-4-118(c)(2)(B) to petition for information in order to attempt to determine whether rates are, in fact, just and reasonable. Tenn. Code Ann. § 65-4-118(c)(2)(B) provides that "[i]f the consumer advocate division concludes that it is without sufficient information to initiate a proceeding, it may petition the authority, after notice to the affected utility, to obtain information from the utility." To deny the Consumer Advocate Division the right to petition for information in the present case would be tantamount to stripping the Consumer Advocate Division of any meaningful role before the TRA.

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While such a development might be pleasing to some, it would certainly leave the consumers of Tennessee without the voice they are guaranteed under state law.

Accordingly, AT&T's declaration that it will not deign to answer one question about its proposed rate increase that goes from no charge to \$1.40 is completely unacceptable.

A. The IXC Rule Does Not Exempt AT&T From Providing Information That Will Establish Whether a Rate Is Just and Reasonable

In its Memorandum at 7-11, AT&T cites IXC Rule 1220-4-2-.55(2) which categorizes IXC services into two categories: (1) DDD (Direct Distance Dialing); and (2) all other services. Under the IXC rules, DDD is subject to a price cap but "all other services" are not. Therefore, argues AT&T, since directory assistance is not a DDD service it is not subject to a price cap.

Not being subject to a price cap, however, does not exempt a service from the requirement of being "just and reasonable" set forth in Tenn. Code Ann. § 65-5-201 and § 65-5-203. The "just and reasonable" requirement is statutory and cannot be nullified or abridged by a TRA rule or regulation. Thus, an administrative body which has been granted by statute the authority to promulgate rules and regulations does not have the power to make a rule or regulation which is inconsistent with the law. Tasco Developing and Building Corp. v. Long, 212 Tenn. 96, 368 S.W.2d 65 (1963). Rather, "its actions must be harmonious and consistent with its statutory authority." Tennessee Cable Television Ass'n v. Tennessee Public Service Comm'n., 844 S.W.2d 151, 159 (Tenn. Ct. App. 1992).

Furthermore, the mere fact that a company or a service is under an approved regulatory

regime such as the IXC rules does not mean that its rates are automatically deemed to be “just and reasonable.” Thus, the statute enacting the price plan regulation for local exchange companies, which contains a price cap, for example, as set forth at Tenn. Code Ann. § 65-5-209(a), explicitly recognizes that rates must still be “just and reasonable” even though they are part of a price plan:

(a) Rates for telecommunications services are just and reasonable when they are determined to be affordable as set forth in this section. (Emphasis added.)

Under price cap regulation for local exchange companies, the “just and reasonable” standard is “determined” to be met when rates are “affordable” as calculated using guidelines contained in the statute. Similarly, in the present case, there must be a determination as to whether the proposed directory assistance charge by an interexchange company such as AT&T is “just and reasonable.” See also Rule 1220-4-2-55.(2)(c)(3) (“Any IXC required to justify a price change or new tariff with the Commission shall bear the burden of proof to show that the tariff filing is just and reasonable.”)

AT&T, however, is arguing that under the IXC price cap it can file “[whatever rates] it pleases, when it pleases and how it pleases.” AT&T Memorandum at 1 (referring to the Consumer Advocate Division’s alleged position on intervention). Fortunately for the consumers of Tennessee, however, this is not the law, and AT&T cannot simply force by fiat upon the citizens of Tennessee rates that may be unjust and unreasonable.

With regard to the IXC rules, the Consumer Advocate Division would also note that Rule 1220-4-2-.55(h)(9) permits the Authority to suspend any tariff or any price, regardless of whether the service is DDD or “all other:”

9. Nothing in this subsection precludes the Commission from acting on its own motion to suspend a tariff or initiate an investigation on any prices or tariffs filed pursuant to this section.

Thus, regardless of the classification of directory assistance as DDD or non-DDD, the TRA is fully authorized to suspend any tariff and investigate its price if it believes the tariff is unjust or unreasonable.

In a recent case filed by Sprint/United, TRA Docket No. 99-00553, one director, Director Greer, stated that a \$1.40, the rate proposed by AT&T in the present case, was a “high rate” for directory assistance, and another director, Director Kyle, voted against the \$1.40 charge:

DIRECTOR GREER: Let me say I too think it’s a high rate, but the truth is if I don’t want to pay it, I will go somewhere else.

Transcript, TRA Conference Agenda, September 28, 1999, at 15:20-22. Thus, the Authority is on record as expressing either concern with, or opposition to, a \$1.40 charge. It should also be noted that with its rate proposal AT&T will be charging \$1.40 to Tennessee consumers while it charges \$0.99 to its other customers (AT&T has shown no basis for the disparate rate to Tennessee consumers). Accordingly, the Consumer Advocate Division’s Petition for Information should be viewed as a means of providing the Authority with information it needs to alleviate its concerns, one way or another.

B. The Information Sought By the Consumer Advocate Division Has a Legitimate Purpose Because It Can Be Used to Determine Whether the Proposed Rate Is Just and Reasonable

In its Memorandum, AT&T repeatedly claims that every item of information sought by

the Consumer Advocate Division lacks a “legitimate purpose.” AT&T Memorandum at 7,11, 12. The basis for this claim is that the Consumer Advocate Division is allegedly seeking to institute a “rate of return” proceeding against AT&T (“To grant the CAD’s petition here would be to lay the basis for a rate base rate of return proceeding with respect to all the intrastate rates of AT&T and any other IXC.”). AT&T Memorandum at 12. The Consumer Advocate Division, of course, is seeking no such thing, as even the briefest look at the questions asked by the Consumer Advocate Division will show.

Thus, the first four questions in the Consumer Advocate Division’s Petition for Information have absolutely nothing to do with a rate of return proceeding:

REQUESTS 1-4

1. Identify the current average number of directory assistance calls made monthly by the average Tennessee AT&T of the South Central States residential customer.(Provide detailed workpapers and identify the source of all data and all assumptions used.)
2. Identify the current average number of directory assistance calls made monthly by the average Tennessee AT&T of the South Central States business customer.(Provide Detailed workpapers and identify the source of all data and all assumptions used.)
3. Identify the projected number of directory assistance calls that will be made monthly by the average Tennessee AT&T of the South Central States residential customer if the proposed directory assistance charge is approved.(Provide Detailed workpapers and identify the source of all data and all assumptions used.)
4. Identify the projected number of directory assistance calls that will be made monthly by the average Tennessee AT&T of the South Central States business customer if the proposed directory assistance charge is approved.(Provide Detailed workpapers and identify the source of all data and all assumptions used.)

Obviously, in labeling these questions as “rate of return” questions AT&T is attempting

to set up a strawman called “rate of return” regulation and claim that everything the Consumer Advocate Division is doing is intended to revive this regulatory ghost from the past that AT&T doesn’t want to see any more than Ebenezer Scrooge wanted to see the Ghost of Christmas Past. But how does asking how many people are using directory assistance now, and how many people will use it after the proposed charge goes into effect, call up the bogeyman of “rate of return” regulation?

Similarly, what could be more relevant in a proceeding to determine whether a rate is just and reasonable than to ask how much the service costs (Question 5) and how much revenue it will bring in (Question 6)? If, for example, the proof showed that each DA call cost \$.25, and the price was \$1.25, there might be a question as to whether the price is just and reasonable.

Apparently, the question of whether information useful in determining the justness and reasonableness of rates is somehow tainted because it might also be useful in rate of return varies with the eye of the beholder. For example, in Docket No. 97-01262, Petition to Convene a Contested Case Proceeding to Establish “Permanent Prices” for Interconnection and Unbundled Network Elements, AT&T made specific data requests of BellSouth that sought information very common in rate of return cases such as: projected depreciation lives; average rates for service classes; total number of access lines by class of service, among other requests for specific information related to the cost of the services (see **Attachment A**).

In that Permanent Prices Docket, AT&T filed detailed studies that it had developed in order to identify BellSouth’s forward-looking costs of providing various network elements. In developing the costs of the various elements, AT&T identified the investment, the related depreciation, the cost of money (return), and the operating expense. If AT&T’s position in the

present AT&T directory assistance proceeding is accepted, it would follow that in Docket No. 97-01262 on Permanent Prices AT&T must have been advocating rate of return regulation for BellSouth, which, of course, has elected price regulation in accordance with Tenn. Code Ann. § 65-5-209.

The Consumer Advocate Division has not, at this time, advocated that the TRA terminate price regulation for AT&T in accordance with Administrative Rule 1220-4-2-.55 (2) (h)8. The adoption of price regulation, however, does not mean that the Authority must approve unjust rates or that it must avoid inquiring into the cost of providing service. What the Consumer Advocate Division wants, and what the TRA should act upon, is information, and merely because some of that information may also be used in rate of return regulation does not mean it is irrelevant in this proceeding. The use of costs to evaluate the rate for a proposed service does not equate to rate of return regulation. Thus, AT&T's claim that the Consumer Advocate Division seeks a return to rate of return regulation is a red herring and should not be allowed to divert the attention of the Authority from its examination into the justness and reasonableness of the proposed charge.

II.

THE CONSUMER ADVOCATE DIVISION HAS COMPLIED WITH TENN. CODE ANN. § 65-4-118(C)(2)(B) WHICH GOVERNS ITS POWERS TO SEEK INFORMATION

The Consumer Advocate Division's right to petition for information from a utility is governed by Tenn. Code Ann. § 65-4-118(c)(2)(B) which provides as follows:

If the consumer advocate division concludes that it is without sufficient information to initiate a proceeding, it may petition the authority, after notice to the affected utility, to obtain information from the utility.

Tenn. Code Ann. § 65-4-118(c)(2)(B).

In the present case, the Consumer Advocate Division has done exactly what the statute calls for; finding itself without sufficient information to determine whether the proposed tariff is “just and reasonable” as required under state law, or “unjust and unreasonable,” and, therefore, worthy of initiating a contested case against, the Consumer Advocate Division petitioned the TRA to obtain information from the utility.

In its Memorandum at 1-6, AT&T has attacked the Consumer Advocate Division’s Petition for Information on two grounds: (1) the alleged failure of the Consumer Advocate Division to obtain approval of the Attorney General and Reporter; and (2) the alleged failure of the Consumer Advocate Division to state with particularity “the type of proceeding that may be initiated if the information is obtained.” AT&T Memorandum, Table of Contents. AT&T is wrong on both claims.

A. The Consumer Advocate Division Has Obtained the Necessary Approval of the Attorney General and Reporter to Participate in this Proceeding

The statute which created the Consumer Advocate Division provides that the Division “may, with the approval of the attorney general and reporter, participate or intervene as a party in any matter or proceeding before the authority or any other administrative, legislative or judicial body and initiate such proceeding, in accordance with the Uniform Administrative Procedures Act, compiled in title 4, chapter 5, and the rules of the authority.” Tenn. Code Ann. § 65-4-118(c)(2) (A).

In the present case, the Consumer Advocate Division, by citing the statute, represents to the Authority that it has obtained the approval of the Attorney General and Reporter to file the

Petition for Information. Contrary to AT&T's assertions, the statute does not require anything further. Thus, the approval at issue is a matter between the Attorney General and Reporter and the Consumer Advocate Division, not between the Attorney General and Reporter and AT&T or any other entity.

In its Memorandum, AT&T has completely misrepresented the law regarding the approval of the Attorney General and Reporter. In particular, AT&T erroneously alleges that the Petition for Information filed by the Consumer Advocate Division requires the approval of the Attorney General and Reporter him or herself:

If the Legislature had intended that such approval could be given by some designee, it would have said so, as it did with respect to the powers of the Commissioner of Revenue in State Department of Revenue v. Moore, 722 S.W.2d 367, 372 (Tenn. 1986).

Approval by the Attorney General is particularly significant where, as here, the CAD is seeking extensive information having no relevance to any proceeding before the TRA. . . .

AT&T Memorandum at 3.

The statute governing requests for information, however, makes absolutely no mention of personal approval by the Attorney General and Reporter:

If the consumer advocate division concludes that it is without sufficient information to initiate a proceeding, it may petition the authority, after notice to the affected utility, to obtain information from the utility.

Tenn. Code Ann. § 65-4-118(c)(2) (A). It couldn't be more plain: a Petition for Information does not require the personal signature of the Attorney General and Reporter.

Accordingly, all of AT&T's citations of cases involving Civil Investigative Demands (CIDs) are irrelevant because the statute authorizing a CID explicitly required personal approval of the Attorney General and Reporter, but a Petition for Information by the Consumer Advocate

does not. AT&T's argument based on the alleged necessity of approval by the Attorney General and Reporter for a Petition for Information, therefore, is without merit.

B. The Consumer Advocate Division Has Stated with Particularity the Type of Proceeding that May Be Initiated if the Information Is Obtained

In its Memorandum at 6, AT&T alleges that the Consumer Advocate Division has not "stated with particularity" the type of proceeding that it will initiate if it obtains the information it has requested.

First, it should be noted that there already is a proceeding which is proceeding: Docket No. 99-00757, the present case. This is a proceeding AT&T has instituted to obtain approval of its tariff that raises the price for a service from zero to \$1.40. If the Consumer Advocate Division determines from the information it has requested that there is no basis for the increase, that is, that the increase is not "just and reasonable" as required by state law, then the Consumer Advocate Division will oppose the approval of the tariff in this proceeding, Docket No. 99-00757, and call for a contested case. If, on the other hand, the information shows that \$1.40 is really a just and reasonable price, then the Consumer Advocate Division will not oppose the tariff in this proceeding, Docket No. 99-00757.

CONCLUSION

For the foregoing reasons, the Tennessee Regulatory Authority should direct AT&T to answer the requests set forth in the Petition for Information. If the responses do not allow, or are insufficient to allow, the Authority to establish that the increase is just and reasonable, the Authority should deny the charge. Alternatively, the Consumer Advocate Division of the Office of the Attorney General reserves the right to institute a

proceeding to assure that all AT&T rates are just and reasonable in accordance with law.

Respectfully submitted,

Vance L. Broemel

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Certificate of Service

I hereby certify that a true and correct copy of the Reply to the Memorandum Brief of AT&T Opposing the Petition for Information was served on parties below via U.S. Mail, postage prepaid, this November 30 1999.

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ATTACHMENT (A)

AT&T

James P. Lamoureux
Attorney

NOTED 9 11 1997

Room 4066
1200 Peachtree St., N. E.
Atlanta, GA 30309
404 810-4196
FAX: 404 810-8629

SECRETARY

September 3, 1997

David Waddell
Executive Secretary
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, Tennessee 37243

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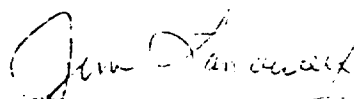
STATE ATTORNEY GENERAL
CONSUMER ADVOCATE DIVISION

Re: *Proceeding to Establish "Permanent Prices" for Interconnection and
Unbundled Network Elements*
Docket No. 97-01262

Dear Mr. Waddell:

Pursuant to the scheduling order in the above-referenced docket, enclosed for filing are AT&T's Data Requests to BellSouth Telecommunications, Inc.

Respectfully Submitted,


Jim Lamoureux

Encls.

Cc: all parties of record (hard copy only)

**BEFORE THE
TENNESSEE REGULATORY AUTHORITY**

IN RE:)	
)	
PETITION TO CONVENE A)	
CONTESTED CASE PROCEEDING)	DOCKET NO. 97-01262
TO ESTABLISH PERMANENT PRICES)	
FOR INTERCONNECTION AND)	
UNBUNDLED NETWORK ELEMENTS)	

**AT&T'S DATA REQUESTS TO
BELLSOUTH TELECOMMUNICATIONS, INC.**

AT&T Communications of the South Central States, Inc. ("AT&T"), pursuant to the hearing schedule as proposed in the Hearing Officer's Report and Recommendation dated August 26, 1997, hereby serves its First Set of Interrogatory Requests to BellSouth Telecommunications, Inc. ("BellSouth"), to be answered on or before September 19, 1997.

DEFINITIONS

1. "BellSouth" means BellSouth Telecommunications, Inc., and its parents, subsidiaries, and affiliates, their present and former officers, employees, agents, representatives, directors, and all other persons acting or purporting to act on behalf of BellSouth Telecommunications, Inc.

2. The terms "you" and "your" refer to BellSouth.

3. "Bell Operating Company" means any company defined in 47 U.S.C. §153(35), and its parents, subsidiaries, and affiliates, their present and former officers, employees, agents, directors, and all other persons acting or purporting to act on behalf of the Bell Operating Company.

4. "AT&T" means AT&T Communications of the South Central States, Inc., its subsidiaries and affiliates, their present and former officers, employees, agents, directors, and all other persons acting or purporting to act on behalf of AT&T.

5. "The Act" means the Telecommunications Act of 1996, Pub. L. 104-104, 110 Stat. 56 (1996).

6. "The FCC Order" means the First Report and Order, FCC 96-325, issued by the FCC in Docket Nos. 96-98 and 95-185, August 8, 1996, 61 Fed. Reg. 45476, et. Seq.

7. "Cost Study" or "Cost Studies" includes study summaries, work papers, study inputs and supporting documentation filed by BellSouth in Tennessee in this proceeding. For any response that BellSouth answers as "provided in BellSouth's Tennessee cost study" or similar response, specifically reference the location of said information within the cost study.

8. The term "person" means any natural person, corporation, corporate division, partnership, other unincorporated association, trust, government agency, or entity.

9. The term "document" shall have the broadest possible meaning under applicable law. "Document" means every writing or record of every type and description that is in the possession, custody or control of BellSouth, including but not limited to correspondence, memoranda, workpapers, summaries, stenographic or handwritten notes, studies, publications, books, pamphlets, reports, surveys, minutes or statistical compilations, computer and other electronic records or tapes or printouts, including but not limited to electronic mail files; and copies of such writings or records containing any commentary or notation whatsoever that does not appear in the original. The term "document" further includes, by way of illustration and not limitation, memoranda, correspondence, schedules, progress schedules, time logs, drawings, computer disks, charts, projections, time tables, summaries of other documents, minutes,

surveys, work sheets, drawings, comparisons, evaluations, laboratory and testing reports, telephone call records, personal diaries, calendars, personal notebooks, personal reading files, transcripts, witness statements and indices.

10. The term "communication" means any oral, graphic, demonstrative, telephonic, verbal, electronic, written or other conveyance of information, including but not limited to, conversations, telecommunications, and documents.

11. The term "referring or relating to" means consisting of, containing, mentioning, suggesting, reflecting, concerning, regarding, summarizing, analyzing, discussing, involving, dealing with, emanating from, directed at, pertaining to in any way, or in any way logically or factually connected or associated with the matter discussed.

12. "And" and "or" as used herein shall be construed both conjunctively and disjunctively and each shall include the other whenever such construction will serve to bring within the scope of these discovery requests any information what would not otherwise not be brought within their scope.

13. The singular as used herein shall include the plural and the masculine gender shall include the feminine and the neuter.

14. "Identify" or "identifying" or "identification" when in used in reference to a natural person means to state:

- a) the full legal name of the person;
- b) the name, title and employer of the person at the time in question;
- c) the present or last known employer of such person;
- d) the present or last known home and business addresses of the person; and
- e) the present home and business telephone numbers of the person.

15. "Identify" or "identifying" or "identification" when used in reference to a person other than a natural person means to state:

- a) the full name of the person and any names under which it conducts business;
- b) the present or last known address of the person; and
- c) the present or last known telephone number of the person.

16. "Identify" or "identifying" or "identification" when used in reference to a document means to provide with respect to each document requested to be identified by these discovery requests a description of the document that is sufficient for purposes of a request to produce or a subpoena duces tecum, including the following:

- a) the type of document (e.g., letter, memorandum, etc.);
- b) the date of the document;
- c) the title or label of the document;
- d) the Bates number or other identifier used to number the document for use in litigation;
- e) the identity of the originator;
- f) the identity of each person to whom it was sent;
- g) the identity of each person to whom a copy or copies were sent;
- h) a summary of the contents of the document;
- i) the name and last known address of each person who presently has possession, custody or control of the document; and
- j) if any such document was, but is no longer, in your possession, custody or control or is no longer in existence, state whether it: (1) is missing or lost; (2) has been destroyed; or (3) has been transferred voluntarily or involuntarily.

and, if so, state the circumstances surrounding the authorization for each such disposition and the date of such disposition.

17. "Identify," "identifying" or "identity" when used in reference to a communication means to state the date of the communication, whether the communication was written or oral, the identity of all parties and witnesses to the communication, the substance of what was said and/or transpired and, if written, the identity of the document(s) containing or referring to the communication.

INSTRUCTIONS

1. If you contend that any response to any interrogatory may be withheld under the attorney-client privilege, the attorney work product doctrine or any other privilege or basis, please state the following with respect to each such response in order to explain the basis for the claim of privilege and to permit adjudication of the propriety of that claim:

the privilege asserted and its basis;

the nature of the information withheld;

the subject matter of the document, except to the extent that you claim it is privileged.

2. These discovery requests are to be answered with reference to all information in your possession, custody or control or reasonably available to you. These discovery requests are intended to include requests for information which is physically within BellSouth's possession, custody or control as well as in the possession, custody or control of BellSouth's agents, attorneys, or other third parties from which such documents may be obtained.

3. If any interrogatory cannot be answered in full, answer to the extent possible and specify the reasons for your inability to answer fully.

4. These interrogatories are continuing in nature and require supplemental responses should information unknown to you at the time you serve your responses to these interrogatories subsequently become known. Any revised cost studies filed by BellSouth should be accompanied by corresponding changes to the responses provided pursuant to these interrogatories.

5. For each interrogatory, provide the name of the company witness(es) or employee(s) responsible for compiling and providing the information contained in each answer

INTERROGATORIES

1. Provide a complete list of exchange service USOCs, including ESSX, MultiServ and MultiServ Plus station lines, included in the sample universe used by BellSouth to calculate loop costs presented in this proceeding and provide a description of each USOC and the total Tennessee in-service quantities of each listed USOC for the most current available report period.

2. Provide a list of BellSouth's No. of Line, Revenue, and average rates by service classification in the same format and detail contained in BellSouth's response to Item No. 66, AT&T's First Set of Interrogatories in LA., Attachment No. 1, pg. 2 of 6.

3. What is the forward-looking network architecture for providing 2-wire analog, 4-wire analog, 2-wire ISDN and 4-wire 56/64 Kbps loops using Digital Loop Carrier when (1) the loop terminates on a BellSouth switch located in the serving wire center, (2) the loop terminates on a BellSouth switch other than the serving wire center switch, (3) the loop terminates on a collocated switch module of another LEC located in the serving wire center, (4) the loop terminates on a remotely located switch of another LEC. If necessary provide individual responses to identify differences in network architecture for switched, data, and other service

categories. Explain BellSouth's ability or inability to hand-off individual loops served by IDLC at the DS1 level where so requested by the CLEC, the various forward-looking equipment and facility arrangements required to make DS-1 handoffs of 2-wire analog, 4-wire analog, 2-wire ISDN and 4-wire 56/64 Kbps loops, and the costs of each such arrangement. Include arrangements consistent with BellSouth's study assumptions regarding forward looking technologies for serving loops.

4. Regarding the projected depreciation lives used in BellSouth's Tennessee studies, did BellSouth use projected lives of future plant additions or weighted lives of existing plant and planned additions, or some other plant mix (explain)? What are BellSouth's projections of average economic life, gross salvage, and cost of removal for future plant additions? Compare the depreciation rates, life values, gross salvage, and cost of removal values used in BellSouth's cost studies (by plant account) to the most current (or last) factors approved by the FCC for interstate plant and Tennessee PUA for intrastate plant.

5. If BellSouth did not file a study of loop costs for loops to be connected to a BellSouth switch using forward-looking architecture, describe the cost differences that would be reflected for such loops versus the loop costs submitted in this proceeding.

6. The BellSouth loop studies use a cross-over point between copper and DLC facility design of 12,000 ft. If BellSouth performed comparable studies with different cross-over points for Tennessee or any other state, identify all such studies and provide a comparison of cost results for studies assuming other cross-over points to costs using the 12,000 ft. cross-over; however, if not, provide a comparison of BellSouth's loop cost results presented in this docket to loop costs using 8,000 ft., 9000 ft., and 10,000 ft. crossover points, or otherwise describe the

level of difficulty BellSouth would have making such an analysis, and provide the time BellSouth would require to complete such analysis.

7. Provide total in-service access lines and customers for Tennessee by class of service for the end of each year from 1990 through 1996 being sure to include and separately identify total in-service access lines for ESSX, MultiServ, and MultiServ Plus station lines and customers, among others.

8. Does BellSouth contend that the demand times the unit investment equals the total level of investment in the SCIS model? If so, provide a demonstration of this contention, using the following general algorithm:

$$\text{SCIS Investment} = (\text{Switching Demand} * \text{VSI}) + (\text{Features Demand} * \text{VSI}) + (\text{Port Demand} * \text{VSI}) + \text{FI}$$

Where:

VSI = Volume Sensitive Investment

FI = Fixed Investment (Volume Insensitive)

If not, provide documentation and rationale for deviation from such contention.

9. For the 2-Wire analog voice grade loop, service level 1, BellSouth cost study submitted in this proceeding, provide the percentage of loops served over digital loop carrier; the Central Office pair gain investment and annual expense, by account, including investment loadings, individually for hardwired equipment, common plug-ins, and deferrable plug-ins, separately for DLC equipment and multiplexing equipment; the Hub pair gain investment and annual expense, by account, including investment loadings, individually for hardwired

equipment, common plug-ins, and deferrable plug-ins, separately for DLC equipment (if any) and multiplexing equipment; the Remote Terminal pair gain investment and annual expense, by account, including investment loadings, individually for hardwired, common plug-ins, and deferrable plug-ins, separately for DLC equipment and multiplexing equipment; the Distribution cable investment and annual expense, by field account, including support structure but excluding bridged tap; the Feeder cable investment and annual expense, by field account, including support structure but excluding bridged tap; and the Bridged tap investment and annual expense, by field account, including support structure.

10. Please provide the applicable USOCs for MultiServ, MultiServ Plus, and ESSX main station lines along with the USOCs for exchange services provided over MegaLink and LightGate connections and to what extent were each of these USOCs included in the universe of loop samples used to derive the costs of 2-wire, 4-wire, ISDN, and 56165 kbps loops presented in this proceeding, noting any of these USOCs not included in the universe for these various loop costs, by providing BellSouth's rationale for their omission.

11. Please provide the number of remote DLC locations currently deployed in Tennessee identifying the portion of these locations which are located in commercial buildings or industrial sites.

12. If BellSouth utilizes integrated digital line carrier (IDLC) in its network, provide (i) the number of integrated digital line carrier (DLC) systems by supplier type and product description that BellSouth utilizes in Tennessee; (ii) the percentage of all DLC systems currently operated by BellSouth in Tennessee that are integrated; and, (iii) based upon BellSouth's

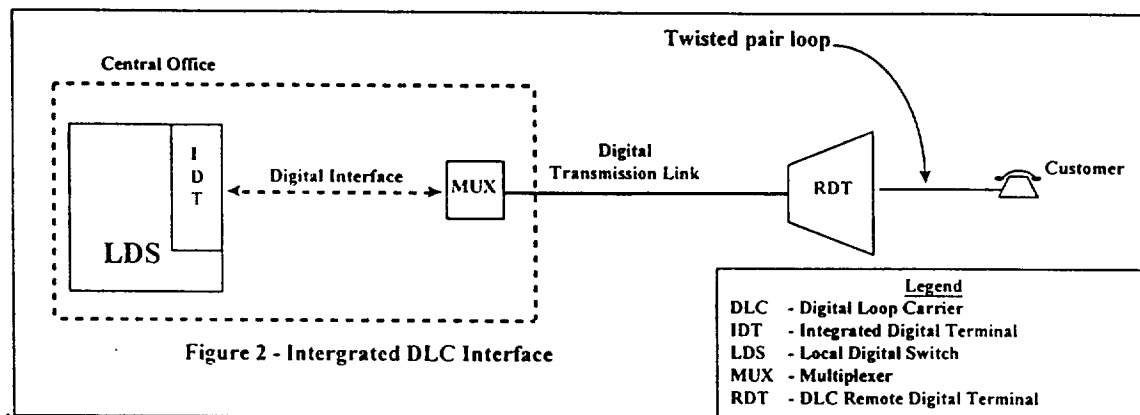
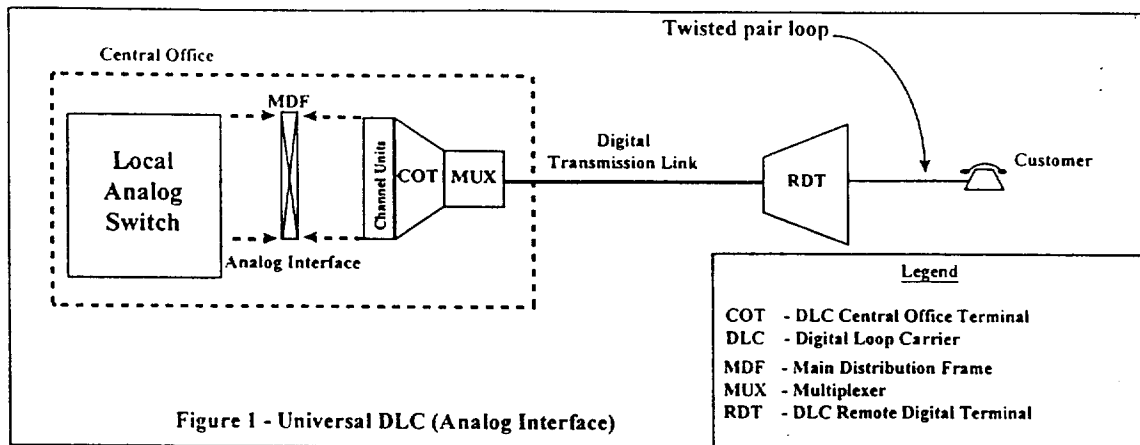
network development plans, provide the percentage of planned DLC installations in Tennessee that are anticipated to be (1) integrated and (2) universal.

13. Provide a complete description of the methodology along with supporting data used to develop the "current cost factors" used in the BellSouth Tennessee TELRIC studies.

14. For the SCIS model input information, by switch type and location, as utilized in the local switching studies submitted in this proceeding, please provide the % utilization on the processors, % fill on lines, % DLC, by IDLC, by UDLC, and CCS per trunk.

15. Identify total access lines in-service by BellSouth Central Office (CO) separately identified by residence, business, public coin, and special services. (If this information is available at a more disaggregated level (e.g., by CBG by CO), provide this total access line break-down at such detail.)

16. Referring to the following illustrative depiction, provide a similar legend and diagram of the forward looking BellSouth loop configuration for a 9,000 ft. feeder segment, a 12,000 ft feeder segment and a 15,000 ft. feeder segment for 2-wire analog voice, and ISDN digital as well as 4-wire analog voice, ISDN digital, DS1 and 56 or 64 kbps digital loops.



17. For the 1996 Inplant Factors Study on pages 270-273 of the BellSouth cost study, after explaining the study header use of the year "1997" versus the column headings use of the year "1995", please provide a detailed breakdown of the amounts (dollars and percent of total) in Lines 1 through 7B separately by Field Reporting Code (FRC) by Expenditure Type Code.

18. Identify the number of existing and BellSouth forecasted collocators in the state of Tennessee, by wire center or central office, distinguishing between physical and virtual collocation.

19. Please provide the LEIS channel utilization reports (or equivalent) for all DLC remote sites in the state.

20. Please describe each of the component parts, list associated material price, and the number of each component included in each DLC and SONET technology..

21. For the years 1995, 1996 and projected 1997, 1998 and 1999, please provide the BellSouth-Tennessee amounts for each expense USOA account on a functional sub-account level. Functional sub-account level means a level of disaggregation that reports the account subsidiary record category, financial reporting code and job function code. If all levels of detail are not available, provide whatever levels are available.

22. Please identify any amounts by accounts and years (1995, 1996, 1997, 1998, 1999) of actual or forecast removal cost included in the plant specific expense in section 4, pages 98 through 102, along with any supporting documentation including an explanation of these costs.

23. Is the average drop length in the BellSouth cost model applied to residential customers who live in multiple dwelling unites (e.g., apartments)? Do residential customers in multiple dwelling units normally have drops, or is it more likely that the cable terminal connects directly to the customer's premise wiring? What percentage of BellSouth's residential customers have zero drop length (e.g., those living in multiple dwelling units)?

24. For the years 1995, 1996 and projected 1997, 1998 and 1999, please identify the amount included in testing (account 6533) that represents the customer interface portion resulting from customer trouble reports. Provide this information for Tennessee and the nine state region. Please identify the sub-account level that includes this function. Functional sub-account level means a level of disaggregation that reports the account subsidiary record category, financial reporting code and job function code. If all levels of detail are not available, provide whatever levels are available.

25. In Georgia Docket No. 7061-U, the Revised Exhibit P-1 (BST cost study) to the direct testimony of Caldwell and Zarakas included Appendix H. Appendix H pages 249, 251 and 253, plant specific expense 1997 - 1999, contain Georgia-specific data. Please provide similar information for Tennessee.

26. With respect to the shared cost factors, shared labor factors, and common cost factors that are calculated in the BST shared and common cost model portion of the BST Cost Study, provide each numerator for each factor broken down by account and cost pool and each denominator for each factor broken down by account, cost pool, and salary wage group or whatever category is applicable. For example, if .4858 is the shared labor factor for the address and facility inventory group (AFIC), the answer to this question would be in the following format:

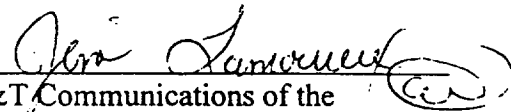
.4858 = A/B A = cost pool B and amount + cost pool C and amount + cost pool D and amount.

B = wages and salary total for each applicable workgroup broken down by workgroup.

27. For each labor rate included in BST's study that includes commissions and or incentive awards, please calculate a labor rate that excludes these amounts and include all calculations and supporting documentation.

28. Please identify each and every change made to each of the loops in the Tennessee sample as part of the recasting effort in BellSouth's cost model.

29. Please provide BellSouth's standard or policy on what constitutes an acceptable or unacceptable percentage of defective copper pairs, including how it is measured, BellSouth's policy or practice for cable acceptance testing and defective pair recovery, and BellSouth's defective pair rate by year from 1987 - 1996.


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CERTIFICATE OF SERVICE

DOCKET NO. 97-01262

This is to certify that copies of the foregoing **AT&T'S INTERROGATORIES TO BELLSOUTH TELECOMMUNICATIONS, INC.** have been served upon all parties of record by depositing same in the United States Mail, postage prepaid, this third day of September, 1997.


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